



PSC NEWS

Missouri Public Service Commission

Contact: Kevin Kelly

Phone: (573) 751-9300

Governor Office Building, Suite 900

FY-04-86

NATURAL GAS RATES TO CHANGE FOR LACLEDE GAS COMPANY CUSTOMERS UNDER SCHEDULED NATURAL GAS FILING

Jefferson City (November 13, 2003)---To reflect estimated changes in the cost of natural gas as well as changes to the Company's Actual Cost Adjustment (ACA) factor, Laclede Gas Company customers will experience a reduction in natural gas rates under a scheduled filing reviewed and accepted by the Missouri Public Service Commission. This rate change will take effect on November 15, 2003.

The ACA is a mechanism which tracks actual natural gas costs over a 12 month period. It ensures that what the natural gas company pays to its suppliers for natural gas is in fact what it recoups in rates from its customers. The ACA makes adjustments to rates if any over or under collections of natural gas costs occurred over the last 12 month period.

A residential customer currently pays \$0.65882 per therm (per 100 cubic feet of gas). Under this filing, the rate will drop to \$0.60971 per therm, a decrease of 4.9 cents per therm. The effect of the proposed rate on a typical residential heating customer's natural gas bill for the winter season (November through March) is a decrease of \$44 when compared to rates currently in effect.

Approximately 65% to 80% of a customer's natural gas bill reflects the cost of natural gas from wholesale suppliers. **The wholesale cost of natural gas (the cost your local natural gas company must pay to its suppliers for natural gas) is not regulated by the Missouri Public Service Commission.** The wellhead cost of natural gas is unregulated and is primarily driven by supply and demand. The Missouri Public Service Commission does conduct an annual regulatory review to ensure that regulated gas companies make prudent decisions in securing natural gas supplies for their customers.

This rate change will affect approximately 636,215 Laclede Gas Company natural gas customers in the City of St. Louis as well as the Missouri counties of St. Louis, St. Charles, Butler, Iron, Franklin, Jefferson, Madison, St. Francois and Ste. Genevieve.